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DE RUEHIN #1270/01 2390257
ZNR UUUUU ZZH
P 260257Z AUG 08
FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC PRIORITY 9836
INFO RUEHAC/AMEMBASSY ASUNCION 0079
RUEHBJ/AMEMBASSY BEIJING 8559
RUEHMU/AMEMBASSY MANAGUA 0182
RUEHZP/AMEMBASSY PANAMA 0147
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RHHJJAA/JICPAC HONOLULU HI
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UNCLAS SECTION 01 OF 02 TAIPEI 001270

SENSITIVE
SIPDIS

STATE PASS TO HOUSE FOREIGN AFFAIRS COMMITTEE ENGEL

E.O. 12958: N/A

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SUBJECT: REPRESENTATIVE ENGEL MEETS TAIWAN OFFICIALS

REF: TAIPEI 01259

SENSITIVE BUT UNCLASSIFIED. PLEASE PROTECT ACCORDINGLY.

¶1. (SBU) Summary. Representative Eliot Engel (D-NY) discussed U.S.-Taiwan relations, cross-strait relations, and Taiwan's foreign policy in separate meetings on August 19-20 with Legislative Yuan (LY) Speaker Wang Jin-pyng, Mainland Affairs Council (MAC) Chairperson Lai Hsin-yuan, Straits Exchange Foundation (SEF) Chairman P.K. Chiang, Foreign Minister Francisco Ou, and Vice Defense Minister Admiral Lin Jan-yi. (Rep. Engel's meeting with President Ma Ying-jeou is reported reftel.) End Summary.

LY Speaker: Ma Working Hard to Restore Trust

¶2. (SBU) In his August 20 meeting with Rep. Engel, Legislative Yuan Speaker Wang Jin-pyng (KMT) noted that the Ma administration was working hard to restore mutual trust to the U.S.-Taiwan relationship. Wang's impression during his recent travels to D.C. and New York was that, since Ma's election, the U.S.-Taiwan relationship had begun to recover from the tensions that prevailed under Chen Shui-bian. Wang said he had met with the foreign affairs advisors of both U.S. presidential candidates and both assured him that U.S. support for Taiwan would remain strong.

¶3. (SBU) Responding to Wang's pitch on arms sales, Congressman Engel said that, if and when the administration presented Congress with the request, he would support it. Wang said Speaker Pelosi expressed similar support during their meeting in D.C. Although Engel hoped the package would reach Congress by the end of the year, the presidential election could politicize the process and create delays. Wang also pitched an FTA, arguing that, because Taiwan's meaningful participation in multilateral economic organizations was limited, it needed to look to bilateral agreements with various countries. Thus, while Wang voiced support for the TIFA, he noted that Taiwan would prefer to conclude an FTA with the United States - not least because it would encourage other countries to do the same. Responding

to Wang's observation that FTAs were not always popular in the Democratic Party, Engel said his primary concern was that FTAs ensure fair trade and, as such, included labor and environmental protections.

14. (SBU) Wang, just back from a trip to Tokyo, said Japan-Taiwan relations had deteriorated markedly under Ma. He attributed this to conflict over the sovereignty of the Daoyutai (Senkaku) Islands and Japan's distrust of Ma's intentions. He remarked that the Japanese felt the KMT's harsh treatment of Koh Se-kai, the former Taiwan Representative to Japan, reflected the Ma government's attitude toward Japan itself. It did not help that after Koh was recalled in June, a new representative (John Feng) was not named until August 19. Wang said a key goal of his trip was to help alleviate tension in the relationship.

MAC and SEF: Reducing Tensions and Looking Ahead to Talks

15. (SBU) Rep. Engel inquired about cross-Strait relations in his meeting with Mainland Affairs Council (MAC) Chairman Lai Hsin-yuan on August 19. Lai expressed no concern about her ability to function as the highest profile DPP member of the Ma team. Lai reaffirmed the "Three No's" (No unification, no independence, no use of force) and explained the reasons behind the efforts by the Ma administration to improve cross-Strait relations, emphasizing the need to maintain peace and stability and reduce tensions. On the economic front, Lai acknowledged China enjoys more benefits

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from cross-Strait ties than Taiwan does and lamented Taiwan has yet to make the best of these ties. Lai looks forward to policy deregulation that will allow mainland investment in Taiwan and pave the way for Taiwan businessmen to channel their mainland profits back to Taiwan.

16. (SBU) Straits Exchange Foundation (SEF) Chair P.K Chiang told Rep. Engel on August 19 that he expected the upcoming SEF-ARATS negotiations in Taipei to result in specific agreements on more direct charter flight routes, daily charter flights, air cargo and parcel post shipments and maritime shipping. Chiang said that he wasn't sure if the two sides can reach agreement on daily scheduled flights.

FM: Ma Foreign Policy on the Right Track

17. (SBU) Rep. Engel and FM Francisco Ou discussed foreign policy issues, focusing on developments in Latin America in their August 20 meeting. Noting his long-term support for Taiwan, Rep. Engel pointed out that the U.S. and Taiwan share the same values of democracy, freedom, and human rights, a striking contrast to China. Rep. Engel stressed the importance for Beijing to understand the strong U.S. commitment to Taiwan, adding that he would urge the new U.S. president, whoever is elected, to reaffirm this commitment. In a review of political developments in Latin America, Rep. Engel noted China's increasing influence and presence and also expressed concerns about Iran's activities in the region. Ou expressed confidence that Taiwan's new diplomatic policy under the Ma administration was on the right track, saying he believed a "diplomatic truce" with Beijing is feasible because it met the interests of both sides. Democratic values are Taiwan's most important international asset, Ou said. Noting Taiwan's significant diplomatic presence in Latin America, Ou expressed appreciation for Rep. Engel's support with respect to the region.

VMOD: Seeking Movement on Arms Packages

18. (SBU) Rep. Engel and Vice Defense Minister Admiral Lin Jan-yi discussed arms packages and the China-Taiwan-U.S. military context on August 20. ADM Lin thanked Congressman

Engel for his continued support of Taiwan and for being one of the signatories on the letter to President Bush pushing for movement on what he termed the "stalled" arms packages. ADM Lin stressed the importance of the arms for the defense of Taiwan. Lin expressed the view that China's recent military expansion testified to China global intentions, since it was much greater than needed for a Taiwan contingency. Congressman Engel agreed and said that, while the United States seeks cordial relations with China, the United States must also be prepared for an adversarial relationship. Taiwan was determined to defend itself, Lin said. Taiwan needed to remain strong to prevent war, he added, but would not provoke war or fire the first shot. Congressman Engel expressed concern regarding the available days in the current Congressional calendar for notification of the arms packages. In reaffirming his support for U.S. arms sales to Taiwan, Congressman Engel also indicated concurrence with President Ma's position that Taiwan needs a strong defense in order to negotiate with China from a position of strength.

19. (U) Congressman Engel did not have an opportunity to clear this cable.
WANG